

**Board of Pharmacy**  
**Initial Statement of Reasons**

Subject Matter of Proposed Regulation: Fee Schedule

Sections Affected: Amend 1749

Specific Purpose of the Proposed Changes:

The Board of Pharmacy proposes to amend Section 1749 of Division 17 of Title 16 of the California Code of Regulations. The purpose for amending the regulation is allow the board to raise fees to the statutory maximums specified in the relevant Business and Professions Code section.

Factual Basis/Rationale

Business and Professions Code section 4005 generally authorizes the board to amend rules and regulations pertaining to the practice of pharmacy and the administration of Chapter 9, Division 2.

Business and Professions Code section 122 allows the board to charge a fee for the processing and issuance of a duplicate copy of any certification of licensure or other form evidencing licensure or renewal of licensure.

Business and Professions Code section 163.5 establishes the criteria to determine the delinquency fee for any licensee within the Department of Consumer Affairs.

Business and Professions Code section 4127.5 establishes the minimum and maximum fee for the issuance on nongovernmental license or renewal of a license to compound sterile drug products.

Business and Professions Code section 4400 establishes the statutory minimum and maximum fee schedule for application, renewal and other fees for additional board applicants and licensees.

California Code of Regulations section 1749 establishes the fee schedule for application, renewal and other fees for board licensees and applicants.

With the exception of a four-year period between 1995 and 1999 board applicants and licensees have not experienced a fee increase since 1988 when fees were raised pursuant to legislation (Chapter 657, Statutes of 1987). A review of the Consumer Price Index reveals that the cost of consumer goods has risen steadily since 1988, (approximately 73%); however, except as stated above, board fees have remained unchanged.

For more than four years the board's expenses have exceeded board's revenues. Repayment of a 2001 \$6 million loan to the General Fund has allowed the board to maintain its operating expenses. A review of the anticipated Fund Condition for the board reveals that a fee increase must be sought to continue board operations. It is estimated that absent a fee increase, the board's fund condition will be reduced to a little over a one-month reserve by the end of fiscal year 2008-09 and will be in a deficit by three and one half months by the end of fiscal year 2009-10.

In addition, the board anticipates an increase in its operating expenses to allow for a recruitment and retention differential for pharmacy inspectors. This recruitment and retention differential, which was included in the Governor's budget, would authorize an additional \$576,000/year to the board's budget. This has accelerated the need to increase fees by six months.

#### Underlying Data

Analysis of Fund Condition with current fees.

Analysis of Fund Condition with proposed fee increase effective January 1, 2008.

Estimated Workload and Revenue with current fees.

Estimated Workload and Revenue with proposed fee increase effective Jan 1, 2008.

#### Business Impact

The board does not believe that this regulation will have a significant adverse economic impact on businesses.

#### Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

#### Consideration of Alternatives

The only alternative to this proposal is to keep fees at their current level. However as evidenced by the Analysis of Fund Condition, this would create a significant deficit for the board.

No reasonable alternative to repealing the regulation would be either more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the repeal of the regulation.